



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - Public distribution

**Date:** 4/8/2009

**GAIN Report Number:** MX9018

## Mexico

### Oilseeds and Products

### Oilseeds Annual Report

**2009**

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**Report Highlights:**

Mexican soybean production is expected to remain unchanged in MY 2009/10 (August-September) at 150,000 MT as the decline of international soybean prices may prevent growers from increasing planted area this year. However, Mexico's total demand for oilseed is forecast to decline approximately 0.5 percent in MY 2009/10 due to a poor macroeconomic scenario, which should diminish the consumer purchasing power. Likewise, total oil-meal demand is forecast to decrease 1.7 percent during the same marketing year due to the bearish demand from the livestock sector. Meanwhile, consumption of vegetable oils for MY 2009/10 is expected to increase only one percent, driven by population growth.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Mexico City [MX1]  
[MX]

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**SECTION I. SITUATION AND OUTLOOK FOR OILSEEDS**

Similar to other countries, Mexico's economy has been significantly affected by the international financial crisis, which has reduced all growth possibilities for 2009. Although the growth domestic product (GDP) increased 1.3 percent in 2008, the most recent economic data shows serious symptoms of deterioration. Several private analysts and the GOM have forecast that Mexico's GDP could decline three percent due in part to domestic and foreign trade volumes continuing to decrease for the major part of 2009 as well as the recession that hit the hardest during the fourth quarter of 2008.

Under this recessive macroeconomic performance, consumer purchasing power should be adversely affected in 2009. Domestic demand for meat products will retreat because higher prices will force middle and lower-income consumers to substitute meat and poultry for less expensive protein sources. At the same time, Mexican consumers will reduce their consumption of products containing vegetable oils, such as soybean and canola oils, as stagnant incomes could discourage demand for convenience foods and other vegetable oil products. Therefore, the total demand for oilseed is forecast to decline approximately 0.5 percent in MY 2009/10. The total consumption of vegetable oils for MY 2009/10 is expected to increase one percent, influenced basically by population growth. Oil-meal demand is forecast to decrease 1.7 percent during the same period.

Mexican soybean production is expected to remain unchanged in MY 2009/10 (August-September) at 150,000 MT as the decline of international soybean prices may prevent growers from increasing planted area this year. Total production and planted and harvested area estimates for MY 2008/09 have been revised upward based on updated official data, which reflects favorable weather conditions during much of the 2008 spring/summer crop cycle, sufficient water supply and better inputs.

Mexican peanut production is forecast at 80,000 MT in MY 2009/10. Area planted for MY 2009/10 is forecast at 50,000 ha, which is consistent with historical averages. Official sources stated that farmers decided to plant areas based on forward contracts signed with buyers, like peanut wholesalers or snack companies. However, this area has remained relatively stable during the past few years. Planted and harvested areas and production for MY 2007/08 and MY 2008/09 have been revised upward based on official data published by the Secretariat of Agriculture, Livestock, Rural development, Fishing and Food (SAGARPA). Sunflower and rapeseed (canola) production continues to be nil.

Despite the forecast that U.S. exports of oilseeds are expected to remain unchanged in MY 2009/10, the United States should maintain its overall share in the Mexican market due to geographic proximity as well as effective promotional and marketing efforts.

Total meal imports are expected to decline in MY 2009/10 due to reduced demand for livestock products in the domestic market, which continues its downward trend that started in the current marketing year. The Mexican livestock industry has also been hurt by the financial crisis and a weakening peso that has increased the imports of feed ingredients. Similarly, the consumption of all meat products is expected to decline in MY 2009.

For MY 2009/10, total oil imports are forecast to increase slightly driven basically by population growth. Soybean oil continues to represent the majority of these imports with approximately 73 percent, while the rest includes rapeseed and sunflower oils. Total U.S. soybean oil imports are expected to reach 230,000 MT in MY 2009/10, which is similar to the import estimate of MY 2008/09.

Several vegetable oil manufacturers and crushers filed court injunctions against the GOM's measure to reduce MFN import tariffs of vegetable oils. (See GAIN Report [MX8086](#)). Reportedly, the courts have given definitive suspensions to two companies while a third one obtained a provisional suspension. However, the Ministry of Economy has insisted that they will continue to enforce the import tariff reductions. Industry sources have stated that the legal process for a court injunction has not been finalized yet.

## SECTION II. STATISTICAL TABLES

Table 1. Mexico: PSD Total Oilseeds

MEXICO	TOTAL OILSEEDS						
(1000 MT)	2007			2008			2009
(1000 Hectares)	USDA OFFICIAL	OLD	NEW	USDA OFFICIAL	OLD	NEW	NEW
Area planted	113	122	128	130	128	135	136
Area Harvested	93	103	116	111	115	120	124
Beginning stocks	157	78	157	72	61	126	85
Production	143	155	172	231	171	225	231
MY imports	3,796	4,961	4,962	4,884	4,943	4,746	4,774
MY imports from U.S.	3,722	3,671	3,647	3,707	3,662	3,358	3,357
MY imports from EC	0	0	0	0	0	0	0
<b>TOTAL SUPPLY</b>	<b>5,278</b>	<b>5,194</b>	<b>5,291</b>	<b>5,187</b>	<b>5,175</b>	<b>5,097</b>	<b>5,090</b>
MY Exports	18	1	13	15	1	16	17
MY Exports to the EC	0	0	0	0	0	0	0
Crush Dom. Consump.	4,949	4,902	4,922	4,831	4,863	4,788	4,762
Food Use Dom.							
Consump.	203	194	194	204	199	170	172
Feed,Seed, Waste							
Dm.Cn.	36	36	36	38	36	38	37
Total Dom. Consumption	5,188	5,132	5,152	5,073	5,098	4,996	4,971
Ending Stocks	72	61	126	99	76	85	102
<b>TOTAL DISTRIBUTION</b>	<b>5,278</b>	<b>5,194</b>	<b>5,291</b>	<b>5,187</b>	<b>5,175</b>	<b>5,097</b>	<b>5,090</b>
Calendar Year Imports	5,053	4,929	4,864	4,810	4,927	4,930	4,968
Calendar Yr Imp. U.S.	3,715	3,760	3,697	3,415	3,685	3,546	3,566
Calendar Year Exports	18	1	11	15	1	14	15
Calndr. Yr. Exp. To U.S.	0	1	8	0	1	8	8

Table 2. Mexico: PSD Soybeans

Oilseed, Soybean Mexico  (1000 MT) (1000 Hectares)	2007			2008			2009	
	2007/2008			2008/2009			2009/2010	
	Market Year Begin: Sep 2007			Market Year Begin: Jun 2008			Market Year Begin: Sep 2009	
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed	Jan
			Data			Data		Data
Area Planted	73	73	73	80	82	88		85
Area Harvested	53	63	63	65	70	75		75
Beginning Stocks	39	52	39	30	25	56		31
Production	76	88	88	160	100	150		150
MY Imports	3,650	3,600	3,584	3,400	3,600	3,300		3,300
MY Imp. from U.S.	3,650	3,600	3,584	3,635	3,600	3,300		3,300
MY Imp. from EU	0	0	0	0	0	0		0
Total Supply	3,765	3,740	3,711	3,590	3,725	3,506		3,481
MY Exports	0	0	0	0	0	0		0
MY Exp. to EU	0	0	0	0	0	0		0
Crush	3,700	3,680	3,620	3,515	3,650	3,440		3,400
Food Use Dom. Cons.	0	0	0	0	0	0		0
Feed Waste Dom. Cons.	35	35	35	35	35	35		35
Total Dom. Cons.	3,735	3,715	3,655	3,550	3,685	3,475		3,435
Ending Stocks	30	25	56	40	40	31		46
Total Distribution	3,765	3,740	3,711	3,590	3,725	3,506		3,481
CY Imports	3,650	3,676	3,610	3,400	3,600	3,478		3,500
CY Imp. from U.S.	3,650	3,676	3,610	3,350	3,600	3,478		3,500
CY Exports	0	0	0	0	0	0		0
CY Exp. to U.S.	0	0	0	0	0	0		0

Table 3. Mexico: PSD Rapeseed

Oilseed, Rapeseed Mexico  (1000 MT) (1000 Hectares)	2007			2008			2009	
	2007/2008			2008/2009			2009/2010	
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009	
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed	Jan
			Data			Data		Data
Area Planted	0	0	0	0	0	0		0
Area Harvested	0	0	0	0	0	0		0
Beginning Stocks	79	25	79	27	35	56		46
Production	0	0	0	0	0	0		0
MY Imports	1,183	1,220	1,267	1,325	1,200	1,325		1,350
MY Imp. from U.S.	20	20	20	20	20	20		20
MY Imp. from EU	0	0	0	0	0	0		0
Total Supply	1,262	1,245	1,346	1,352	1,235	1,381		1,396
MY Exports	0	0	0	0	0	0		0
MY Exp. to EU	0	0	0	0	0	0		0
Crush	1,235	1,210	1,290	1,300	1,200	1,335		1,350
Food Use Dom. Cons.	0	0	0	0	0	0		0
Feed Waste Dom. Cons.	0	0	0	0	0	0		0
Total Dom. Cons.	1,235	1,210	1,290	1,300	1,200	1,335		1,350
Ending Stocks	27	35	56	52	35	46		46
Total Distribution	1,262	1,245	1,346	1,352	1,235	1,381		1,396
CY Imports	1,250	1,128	1,128	1,250	1,200	1,337		1,350
CY Imp. from U.S.	20	30	30	20	30	30		30
CY Exports	0	0	0	0	0	0		0
CY Exp. to U.S.	0	0	0	0	0	0		0

Table 4. Mexico: PSD Sunflowerseed

Oilseed, Sunflowerseed Mexico  (1000 MT) (1000 Hectares)	2007			2008			2009	
	2007/2008			2008/2009			2009/2010	
	Market Year Begin: Oct 2007			Market Year Begin: Jun 2008			Market Year Begin: Oct 2009	
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed	Jan
			Data			Data		Data
Area Planted	0	1	1	0	1	1		1
Area Harvested	1	1	1	1	1	1		1
Beginning Stocks	1	1	1	1	1	1		1
Production	1	1	1	1	1	1		1
MY Imports	10	8	8	14	9	11		9
MY Imp. from U.S.	7	6	7	7	7	8		7
MY Imp. from EU	0	0	0	0	0	0		0
Total Supply	12	10	10	16	11	13		11
MY Exports	0	0	0	0	0	0		0
MY Exp. to EU	0	0	0	0	0	0		0
Crush	10	8	8	12	9	9		8
Food Use Dom. Cons.	0	0	0	0	0	0		0
Feed Waste Dom. Cons.	1	1	1	3	1	3		2
Total Dom. Cons.	11	9	9	15	10	12		10
Ending Stocks	1	1	1	1	1	1		1
Total Distribution	12	10	10	16	11	13		11
CY Imports	15	11	11	15	12	8		8
CY Imp. from U.S.	0	9	9	0	10	6		6
CY Exports	0	0	0	0	0	0		0
CY Exp. to U.S.	0	0	0	0	0	0		0



Table 5. Mexico: PSD Peanuts

Oilseed, Peanut Mexico  (1000 MT) (1000 Hectares)	2007			2008			2009	
	2007/2008			2008/2009			2009/2010	
	Market Year Begin: Sep 2007			Market Year Begin: Sep 2008			Market Year Begin: Sep 2009	
	Annual Data Displayed	New Post		Annual Data Displayed	New Post		Annual Data Displayed	Jan
		Data			Data			Data
Area Planted	40	48	54	50	45	46		50
Area Harvested	39	39	52	45	44	44		48
Beginning Stocks	38	0	38	14	0	13		7
Production	66	66	83	70	70	74		80
MY Imports	135	133	103	145	134	110		115
MY Imp. from U.S.	45	45	36	45	0	30		30
MY Imp. from EU	0	0	0	0	0	0		0
Total Supply	239	199	224	229	204	197		202
MY Exports	18	1	13	15	1	16		17
MY Exp. to EU	0	0	0	0	0	0		0
Crush	4	4	4	4	4	4		4
Food Use Dom. Cons.	203	194	194	204	199	170		172
Feed Waste Dom. Cons.	0	0	0	0	0	0		0
Total Dom. Cons.	207	198	198	208	203	174		176
Ending Stocks	14	0	13	6	0	7		9
Total Distribution	239	199	224	229	204	197		202
CY Imports	138	114	115	145	115	107		110
CY Imp. from U.S.	45	45	48	45	45	32		30
CY Exports	18	1	11	15	1	14		15
CY Exp. to U.S.	0	1	8	0	1	8		8

Table 6. Mexico: PSD Total Oilmeals

Mexico		TOTAL OILMEALS						
(1000 MT) (Percent)	2007			2008			2009	
	USDA OFFICIAL	OLD	NEW	USDA OFFICIAL	OLD	NEW	NEW	
Crush	4,945	4,898	3,629	4,827	4,859	4,784	4,758	
Extr. Rate				2	2	2	2	
Beginning stocks	110	97	110	112	100	78	97	
Production	3,650	3,524	3,560	3,540	3,553	3,500	3,479	
MY imports	1,555	1,068	1,461	1,589	1,164	1,492	1,427	
MY imports from U.S.	1,590	1,055	1,436	1,540	1,156	1,447	1,397	
MY imports from EC	0	0	0	0	0	0	0	
TOTAL SUPPLY	5,315	4,689	5,131	5,241	4,817	5,070	5,003	
MY Exports	8	8	8	9	10	7	5	
MY Exports to the EC	0	0	0	0	0	0	0	
Industrial Dom.								
Consum	0	0	0	0	0	0	0	
Food Use Dom.								
Consump.	50	50	50	50	50	50	50	
Feed,Seed, Waste								
Dm.Cn.	5,145	4,531	4,995	5,069	4,672	4,916	4,861	
Total Dom.								
Consumption	5,195	4,581	5,045	5,119	4,722	4,966	4,911	
Ending Stocks	112	100	78	113	85	97	87	
TOTAL DISTRIBUTION	5,315	4,689	5,131	5,241	4,817	5,070	5,003	
Calendar Year Imports	1,563	1,185	1,684	1,595	1,166	1,587	1,457	
Calendar Yr Imp. U.S.	1,540	1,175	1,674	1,565	1,160	1,558	1,448	
Calendar Year Exports	8	6	6	8	11	7	5	
Calndr. Yr. Exp. To U.S.	0	0	0	0	0	0	0	

Table 7. Mexico: PSD Soybean Meal

Meal, Soybean Mexico  (1000 MT) (1000 Hectares)	2007			2008			2009	
	2007/2008			2008/2009			2009/2010	
	Market Year Begin: Sep 2007			Market Year Begin: Sep 2008			Market Year Begin: Sep 2009	
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed	Jan
			Data			Data		Data
Crush	3,700	3,680	3,620	3,515	3,650	3,440		3,400
Extr. Rate, 999.9999	1.	0.	0.777348	1.	0.	0.792442		0.792647
Beginning Stocks	110	97	110	112	100	78		97
Production	2,935	2,861	2,814	2,785	2,895	2,726		2,695
MY Imports	1,475	1,000	1,382	1,500	1,100	1,400		1,350
MY Imp. from U.S.	1,550	1,000	1,382	1,500	1,100	1,400		1,350
MY Imp. from EU	0	0	0	0	0	0		0
Total Supply	4,520	3,958	4306	4,397	4,095	4204		4142
MY Exports	8	8	8	9	10	7		5
MY Exp. to EU	0	0	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0	0	0		0
Food Use Dom. Cons.	50	50	50	50	50	50		50
Feed Waste Dom. Cons.	4,350	3,800	4,170	4,225	3,950	4,050		4,000
Total Dom. Cons.	4,400	3,850	4220	4,275	4000	4100		4050
Ending Stocks	112	100	78	113	85	97		87
Total Distribution	4,520	3,958	4306	4,397	4,095	4204		4142
CY Imports	1,475	1,127	1,626	1,500	1,100	1,486		1,400
CY Imp. from U.S.	1,475	1,127	1,626	1,500	1,100	1,486		1,400
CY Exports	8	6	6	8	11	7		5
CY Exp. to U.S.	0	0	0	0	0	0		0
SME	4,400	3,850	4,220	4,275	4,000	4,100		4,050

Table 8. Mexico: Rapeseed Meal

Meal, Rapeseed Mexico  (1000 MT) (1000 Hectares)	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Crush	1,235	1,210	1,290	1,300	1,200	1,335			1,350
Extr. Rate, 999.9999	1.	0.	0.5752	1.	1.	0.5768			0.5778
Beginning Stocks	0	0	0	0	0	0			0
Production	710	660	742	750	654	770			780
MY Imports	75	64	75	84	60	90			75
MY Imp. from U.S.	35	55	54	35	52	45			45
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	785	724	817	834	714	860			855
MY Exports	0	0	0	0	0	0			0
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	0	0	0	0	0	0			0
Food Use Dom. Cons.	0	0	0	0	0	0			0
Feed Waste Dom. Cons.	785	724	817	834	714	860			855
Total Dom. Cons.	785	724	817	834	714	860			855
Ending Stocks	0	0	0	0	0	0			0
Total Distribution	785	724	817	834	714	860			855
CY Imports	83	53	53	90	60	98			60
CY Imp. from U.S.	60	43	43	60	54	69			45
CY Exports	0	0	0	0	0	0			0
CY Exp. to U.S.	0	0	0	0	0	0			0
SME	559	515	581	593	508	612			608

Table 9. Mexico: PSD Sunflowerseed Meal

Meal, Sunflowerseed Mexico  (1000 MT) (Percent)	2007			2008			2009	
	2007/2008			2008/2009			2009/2010	
	Market Year Begin: Oct 2007			Market Year Begin: Jun 2008			Market Year Begin: Oct 2009	
	Annual Data Displayed	New Post		Annual Data Displayed	New Post		Annual Data Displayed	Jan
			Data			Data		Data
Crush	10	8	8	12	9	9		8
Extr. Rate, 999.9999	0.	0.	0.5	0.	0.	0.4444		0.5
Beginning Stocks	0	0	0	0	0	0		0
Production	5	3	4	5	4	4		4
MY Imports	5	4	4	5	4	2		2
MY Imp. from U.S.	5	0	0	5	4	2		2
MY Imp. from EU	0	0	0	0	0	0		0
Total Supply	10	7	8	10	8	6		6
MY Exports	0	0	0	0	0	0		0
MY Exp. to EU	0	0	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0	0	0		
Feed Waste Dom. Cons.	10	7	8	10	8	6		6
Total Dom. Cons.	10	7	8	10	8	6		6
Ending Stocks	0	0	0	0	0	0		0
Total Distribution	10	7	8	10	8	6		6
CY Imports	5	5	5	5	6	3		3
CY Imp. from U.S.	5	5	5	5	6	3		3
CY Exports	0	0	0	0	0	0		0
CY Exp. to U.S.	0	0	0	0	0	0		0
SME	9	7	8	9	8	6		6

Table 10. Mexico: PSD Total Oils

Mexico	TOTAL OILS						
(1000 MT)	2007			2008			2009
(Percent)	USDA OFFICIAL	OLD	NEW	USDA OFFICIAL	OLD	NEW	NEW
Crush	4,945	4,898	4,918	4,827	4,959	4,784	4,758
Extr. Rate							
Beginning stocks	11	9	11	24	8	15	13
Production	1,148	1,121	1,143	1,140	1,113	1,140	1,144
MY imports	370	318	329	370	308	310	316
MY imports from U.S.	222	241	283	222	218	266	271
MY imports from EC	0	0	0	0	0	0	0
<b>TOTAL SUPPLY</b>	<b>1,529</b>	<b>1,448</b>	<b>1,483</b>	<b>1,534</b>	<b>1,429</b>	<b>1,465</b>	<b>1,473</b>
MY Exports	45	39	43	45	37	31	31
MY Exports to the EC	0	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0	0
Food Use Dom.							
Consump.	1,455	1,395	1,418	1,460	1,380	1,416	1,425
Feed,Seed, Waste							
Dm.Cn.	5	7	7	5	5	5	10
Total Dom. Consumption	1,460	1,402	1,425	1,465	1,385	1,421	1,435
Ending Stocks	24	10	15	24	8	13	7
<b>TOTAL DISTRIBUTION</b>	<b>1,529</b>	<b>1,448</b>	<b>1,483</b>	<b>1,534</b>	<b>1,429</b>	<b>1,465</b>	<b>1,473</b>
Calendar Year Imports	370	268	268	380	260	294	300
Calendar Yr Imp. U.S.	175	176	177	175	178	259	260
Calendar Year Exports	37	48	48	37	30	35	31
Calndr. Yr. Exp. To U.S.	37	45	44	35	25	33	29

Table 11. Mexico: PSD Soybean Oil

Oil, Soybean Mexico  (1000 MT) (Percent)	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Sep 2007			Market Year Begin: Sep 2008			Market Year Begin: Sep 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Crush	3,700	3,680	3,620	3,515	3,750	3,440			3,400
Extr. Rate, 999.9999	0.	0.	0.1757	0.	0.	0.1759			0.1765
Beginning Stocks	7	5	7	12	6	4			8
Production	650	646	636	615	640	605			600
MY Imports	230	230	236	225	210	230			230
MY Imp. from U.S.	200	223	235	200	200	225			230
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	887	881	879	852	856	839			838
MY Exports	0	0	0	0	0	1			1
MY Exp. To EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	0	0	0	0	0	0			0
Food Use Dom. Cons.	870	870	870	838	845	825			825
Feed Waste Dom. Cons.	5	5	5	5	5	5			5
Total Dom. Cons.	875	875	875	843	850	830			830
Ending Stocks	12	6	4	9	6	8			7
Total Distribution	887	881	879	852	856	839			838
CY Imports	225	159	159	225	160	214			215
CY Imp. from U.S.	150	159	159	150	160	212			213
CY Exports	0	0	0	0	0	2			1
CY Exp. To U.S.	0	0	0	0	0	1			0

Table 12. Mexico: PSD Rapeseed Oil

Oil, Rapeseed Mexico  (1000 MT) (Percent)	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Crush	1,235	1,210	1,290	1,300	1,200	1,335			1,350
Extr. Rate, 999.9999	0.		0.3899	0.		0.3978			0.4
Beginning Stocks	2	2	2	12	2	11			5
Production	493	472	503	520	470	531			540
MY Imports	50	50	51	50	60	40			45
MY Imp. from U.S.	10	10	41	10	10	35			35
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	545	524	556	582	532	582			590
MY Exports	0	0	0	0	0	0			0
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	0	0	0	0	0	0			0
Food Use Dom. Cons.	533	520	543	567	530	577			585
Feed Waste Dom. Cons.	0	2	2	0	0	0			0
Total Dom. Cons.	533	522	545	567	530	577			585
Ending Stocks	12	2	11	15	2	5			5
Total Distribution	545	524	556	582	532	582			590
CY Imports	50	37	37	60	60	47			50
CY Imp. from U.S.	10	10	10	10	10	41			40
CY Exports	0	0	0	0	0	0			0
CY Exp. to U.S.	0	0	0	0	0	0			0



Table 13. Mexico: PSD Sunflowerseed Oil

Oil, Sunflowerseed Mexico  (1000 MT) (Percent)	2007			2008			2009	
	2007/2008			2008/2009			2009/2010	
	Market Year Begin: Oct 2007			Market Year Begin: Jun 2008			Market Year Begin: Oct 2009	
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed	Jan
			Data			Data		Data
Crush	10	8	8	12	9	9		8
Extr. Rate, 999.9999	0.	0.	0.5	0.	0.	0.4444		0.5
Beginning Stocks	2	2	2	0	0	0		0
Production	5	3	4	5	3	4		4
MY Imports	90	38	42	95	38	40		41
MY Imp. from U.S.	12	8	7	12	8	6		6
MY Imp. from EU	0	0	0	0	0	0		0
Total Supply	97	43	48	100	41	44		45
MY Exports	45	38	43	45	36	30		30
MY Exp. to EU	0	0	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0	0	0		0
Food Use Dom. Cons.	52	5	5	55	5	14		15
Feed Waste Dom. Cons.	0	0	0	0	0	0		0
Total Dom. Cons.	52	5	5	55	5	14		15
Ending Stocks	0	0	0	0	0	0		0
Total Distribution	97	43	48	100	41	44		45
CY Imports	95	72	72	95	40	33		35
CY Imp. from U.S.	15	9	8	15	8	6		7
CY Exports	37	48	48	37	30	33		30
CY Exp. to U.S.	35	45	44	35	25	32		29

### **SECTION III. NARRATIVE ON SUPPLY, DEMAND, POLICY, & MARKETING**

#### **OILSEEDS**

##### **Production**

For MY 2009/10, total oilseed production is expected to increase 6,000 metric tons (MT) due to a slight increase in planted area and assuming favorable weather conditions. However, this production level continues to represent only five percent of total domestic consumption as imports have virtually displaced domestic oilseed production with nearly all imports coming from the United States. The estimates of total oilseed production for MY 2007/08 and MY 2008/09 have been adjusted upward based on recent official government information.

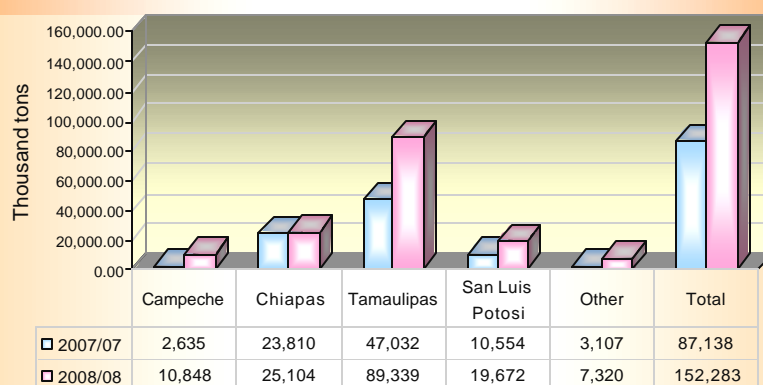
Under PROCAMPO, (the Mexican domestic agricultural support program) a flat-rate payment on oilseed crops was provided to farmers for the 2008 spring/summer crop cycle. This payment plan will be repeated for the 2008/09-fall/winter crop. The GOM policy is that farmers with production areas of between one and five hectares will receive 1,160 pesos per hectare (approximately U.S. \$75.32/ha) and 963 pesos/ha to farmers with more land (roughly U.S. \$62.49). Reportedly, a new PROCAMPO support program could be announced by SAGARPA within the next few months.

##### **Soybean Production**

Mexican soybean production is expected to remain unchanged in MY 2009/10 due to lower soybean prices and difficulty in obtaining credit. For 2008/09 (Sept-Aug), the soybean production estimate has increased based on updated official data from SAGARPA. Official and private industry surveys revealed that normal to above average rainfall and nearly ideal harvesting conditions increased yields for the 2008 spring/summer crop cycle beyond what was expected. In addition to the weather conditions, private sources have stated that the National Institute of Forestry, Agricultural and Livestock Research (INIFAP) has developed improved soybean seed varieties in order to improve yields, which are drought tolerant and better adapted to Mexico's soil conditions. For MY 2009/10, yields are forecast to be 2.4 MT/ha, similar to the previous year.

Below is a graph illustrating the difference in the 2007 vs. 2008 spring/summer crop production in the main producing states, with data as of February 28, 2009.

Figure 1. Mexico: 2007 - 2008 Spring/Summer Cycle  
Soybean Production Comparison



Source: SIAP-SAGARPA data; February 28, 2009.

## Peanut Production

For MY 2009/10, peanut production is forecast at 80,000 MT due to higher planted area and assuming favorable weather conditions. Peanut planting intentions are consistent with historical averages. Forecast harvested and planted areas for MY 2009/10 are lower than those registered for MY 2007/08. Official sources stated that production has shown stable performance over the past several years and is expected to remain unchanged in the near future. Among the main reasons for this stagnation in production continues to be insufficient GOM support programs, relative to other crops and the lack of minimum access to credit for peanut farmers. Peanuts continue to be consumed mainly as edible food (i.e. snack). Private industry sources have stated that no amount of the total production is used for oil and meal.

Due to revised SAGARPA data, our estimate for peanut production for MY 2007/08 was adjusted upward reflecting higher planted and harvested areas than previously estimated. The MY 2008/09 production estimate has been revised upward based on updated official information. Official sources have stated that favorable weather conditions in main producing states, including timely and above-average rains, increased yields for the 2008 spring/summer crop cycle and consequently the production of this cycle has been increased.

## Consumption Total

As a result of the economic recession and sluggish demand, total consumption of oilseed products is expected to decline approximately 0.5 percent in MY 2009/10. The livestock sector has been adversely affected by the economic recession. Livestock producers indicate that the market for finished livestock product is declining, while the cost of production has remained more or less stable. The National Poultry Association (UNA), for example, is expecting a contraction in poultry meat production and minimal growth in egg output (around 0.5 percent) in 2009, due to the decline in GDP and deterioration in consumer purchasing power. The poultry industry continues to be the major consumer of soybean meal in Mexico. The total oilseed consumption estimates for MY's 2007/08 and 2008/09

have been revised upward and downward, respectively, based on more current industry information.

With the negative economic scenario, prices should continue to be the dominant factor in marketing oilseeds as demand is price elastic, and companies can substitute some oilseeds depending on price.

Soybean domestic consumption is expected to decline 1.15 percent in MY 2009/10. Reduction in demand for both the crushers and the livestock sector has been viewed as the problem. Total domestic consumption estimates for MY 2007/08 and MY 2008/09 have been adjusted downward based on the most recent available information from private and official sources. Mexican crushers are facing difficult times making a profit, which has provoked some to temporarily halt crushing operations.

Similarly, sunflower seed consumption is forecast to decline in MY 2009/10 due to the weak demand from confection, snack and bird-feed markets. The sunflower seed consumption estimate for MY 2008/09 has been revised upward based on official data. As is the case for other products, over the past couple of years practically any amount left over of total sunflower production has been used for oil and meal.

Due to its higher oil content, rapeseed (canola) consumption is expected to increase slightly to 585,000 MT in MY 2009/10. Private sources have stated that Mexican crushers have a market for canola oil, and they import canola when the price is attractive. For MY's 2007/08 and 2008/09, the consumption estimates have been revised upward reflecting the most recent available information. Increased demand led to larger than expected imports in both years.

For MY 2009/10, peanut consumption could increase marginally driven mainly by population growth. Therefore, peanut imports would reach 115,000 MT in MY 2009/10. However, the total domestic peanut consumption estimate in MY 2008/09 was revised downward approximately 14 percent, reflecting more accurate and current data from the industry sources. Reportedly, Mexican processors are experiencing diminished demand due to the recessive economic conditions. As already mentioned, peanut consumption continues to be oriented to edible food, mainly snack food. Private sources have stated that more than 95 percent of peanuts are consumed as snacks in the Mexican market.

According to private sources, due to the uncertainty generated by unfavorable economic conditions, the main crusher companies (i.e. Agydsa, Ragasa, Cargill, HYSa, ADM) have stopped or postponed investments in their plants to expand crushing capacity.

## Trade

Total soybean imports should remain unchanged in MY 2009/10 as a result of the economic recession and lower purchasing power. The soybean imports estimate for MY's 2007/08 and 2008/09 have been revised downward based on the SE's official data for the first year and private sources for the second year.

According to private sources, among the factors that are adversely affecting soybean imports is the weakening of the Mexican peso relative to the U.S. dollar. Since August 2008, the peso has fallen from 10 pesos to approximately 15 pesos per U.S. dollar despite the Central Bank of Mexico's interventions. Also, many end users such as the animal feed industry (which consumes soybean meals) are afraid that the peso will continue to weaken in 2009 as well as the market for their products (i.e., poultry, pork and beef markets). As a result, many oilseed and soybean buyers are only purchasing based on their short term

requirements. In addition, buyers are avoiding purchasing large amounts of soybeans for future delivery since prices are likely to be lower in the coming months.

Sunflower seed imports are forecast to decline to 11,000 MT in MY 2009/10 due to bearish domestic demand. The import estimate of sunflower seed for MY 2008/09 has been revised up based on updated industry information. Similarly, the peanut import and export estimations for MY 2007/08 and MY 2008/09 have been revised upward, from previous estimates, based on the SE's official data for the first year and industry information for the second year. However, the market share of U.S. peanut exports should decrease in MY 2008/09 and MY 2009/10 due to the GOM increasing their import duties. These increased import tariffs are in retaliation over the dissolution of the U.S.-Mexico Cross-Border Trucking Demonstration Project (See GAIN Report MX9010). Industry sources estimate that U.S. shelled peanut exports to Mexico could decrease between 25 to 30 percent.

For MY 2009/10, rapeseed imports are expected to increase to 1.35 MMT. Expected lower prices and an increasing consumer preference for canola oil are seen as the major reasons for increased imports. Canadian canola continues to be the favorite of Mexican importers. The rapeseed import estimates for MY's 2007/08 and 2008/09 have been revised upward from previous estimates based on updated SE's official data. Canola is counted in the rapeseed PSD.

## **OIL MEALS**

### **Production**

FAS/Mexico forecasts the MY 2009/10 oil meal production to decline approximately 0.6 percent due to decreased use for feed and poultry production. The market for finished livestock products has started to contract and the cost of production continues to increase. As a result, industry contacts report that domestic demand for soybeans and soybean meal should decrease in MY 2009/10. The crush pace is largely determined by the domestic demand for soybean meal in the livestock sector as it continues to dominate overall meal production. The estimate for total meal production in MY 2008/09 has been revised downward approximately 1.5 percent from our previous estimate, reflecting the contraction for demand in the feed industry.

In line with more recent information obtained from official and private sources, MY 2007/08 and MY 2008/09 soybean meal production estimates were decreased. The sluggish demand of soybean meals originated from big crushers who find it more profitable to occasionally halt crushing and import soy meal, rather than continue crushing, particularly.

Sunflower seed meal production is forecast to remain unchanged at 4,000 MT in MY 2009/10. Meanwhile, the rapeseed meal production for MY's 2007/08 and 2008/09 have been revised upward due to new industry information.

### **Consumption**

Total meal consumption is expected to decline approximately 1.7 percent to 4.91 MMT in MY 2009/10 due to reduced demand for livestock products in the domestic market. Private sources have stated that the economic recession is taking a toll on meat demand in Mexico, which should be translated into a contraction on oil meal demand. This continues to be a downward trend that started in the current marketing year. Despite the fact that total oil meal consumption in MY 2008/09 has been revised upward, it is approximately one-percent lower than the revised estimate of MY 2007/08.

Soybean meal is likely to continue to be the meal of choice for the poultry and pork industries. However, for MY 2009/10 soybean meal consumption is forecast to decline nearly 1.2 percent due to fewer poultry, pork and cattle numbers, which is a direct effect of the global economic slowdown. Soybean meal consumption estimates for MY's 2007/08 and 2008/09 have been revised upward to 4.22 MMT and 4.1 MMT, respectively, in accordance with SAGARPA's official data for the first year and industry sources for the second year.

Rapeseed meal consumption should continue at approximately 17 percent of total meal consumption, and it is preferred by the pork industry. Also, rapeseed meal consumption is forecast to decline slightly in MY 2009/10. Sunflower seed meal is forecast to remain unchanged at only 6,000 MT in MY 2009/10.

## Trade

Total oil meal imports are expected to decline in MY 2009/10 due to reduced demand from the livestock sector. However, as already mentioned, to deal with Mexico's sluggish economy and decreased demand of various products, some big oilseed processors occasionally import soybean meals directly instead of crushing, especially when the importing price of soy meal is declining and lower than the cost of crushing. Therefore, for MY 2009/10 oil meal should continue at approximately 29 to 30 percent of total Mexican consumption.

The MY 2007/08 and MY 2008/09 rapeseed and soybean meal import estimates were revised upward, reflecting new official information from SE. Similarly, the sunflower seed meal imports estimate for MY 2008/09 have been revised downward 50 percent to 2,000 MT; a level that is expected to be the same in MY 2009/10. The imposition of higher import tariffs to the U.S. sunflower seed meal is the main reason for this decline. The GOM increased the import duty in retaliation over the dissolution of the U.S.-Mexico Cross-Border Trucking Demonstration Project (See GAIN Report MX9010). According to Mexican official data, the United States is the only supplier of oil meals to the Mexican market.

## OILS

### Production

Production for MY 2009/10 is expected to remain practically unchanged due to stagnant demand from the domestic crushing industry. Soybean oil remains the major oil produced domestically, accounting for 53 percent of total production, although rapeseed oil has continued to increase its market share in total oil production in the last few years. This trend is expected to continue in MY 2009/10, due to increased imports of seed assuming affordable international prices. Therefore, rapeseed oil production is expected to increase slightly in MY 2009/10. The rapeseed oil production figures for MY 2007/08 and MY 2009/10 were revised upward based on revisions by SAGARPA and industry sources.

The soybean oil production estimates for MY 2007/08 and MY 2008/09 have been revised downward based on new industry information while reflecting the high price of inputs the first year and adverse economic scenario in the second year. This declining trend in soybean oil production is expected to continue in MY 2009/10. Industry sources pointed out that with stagnating salaries and relatively lower disposable incomes, Mexico's oil market will contract in MY 2009, mainly in the cooking oil sector.

Similarly, the sunflower seed oil production estimates for MY 2007/08 and MY 2009/10 were revised upward, reflecting new official information from SAGARPA and industry sources. Production of sunflower seed oil is forecast to remain unchanged in MY 2009/10.

## Consumption

For MY 2009/10, total oil consumption is expected to increase marginally (less than one percent). This increase will be driven by the population growth and increased demand in specific market niches of the retail sector. According to industry sources, some big companies that have invested in marketing, and developed retail labels, have been able to deal better with the economic slowdown. Companies such as Ragadsa and Coral Internacional have continued to package and market oil as a retail vegetable oil in its own right. For example, pure soybean oil under the label “Nutrioli” was bottled and launched by Ragadsa several years ago. It currently continues to have a strong consumer demand because it was located in the high income market segment. Similarly, Coral Internacional has the retail label “Oleico” (safflower oil). It has also successfully promoted healthy vegetable oil and also continues to have strong consumer demand. Reportedly, those companies have also continued organizing advertising campaigns, which includes television and radio spots, billboards and press promotion.

Total oil consumption figures for MY’s 2007/08 and 2008/09 have been revised upward due to higher than expected crush levels. However, these revised figures show a declining trend in consumption between the years. This trend reflects the deteriorated consumer purchasing power and increased domestic vegetable oil prices. As illustrated below, domestic prices of edible oils have increased significantly over the past year. Corn oil prices constituted the largest increase, 136 percent higher than the previous year. Soybean oil and mixed vegetable oil prices increased 17 and 5.5 percent, respectively, while safflower oil prices increased 39.5 percent.

Table 14. Mexico: Retail Edible Oil Prices 2008-2009			
Variety	Presentation	February 08	February 09
Mixed vegetables	1lt. 12 bottle box	219.33	231.47
Soybean	1lt. 12 bottle box	218.75	255.75
Corn	1lt. 12 bottle box	190.00	449.00
Safflower	17 lt. Can	286.75	400.00

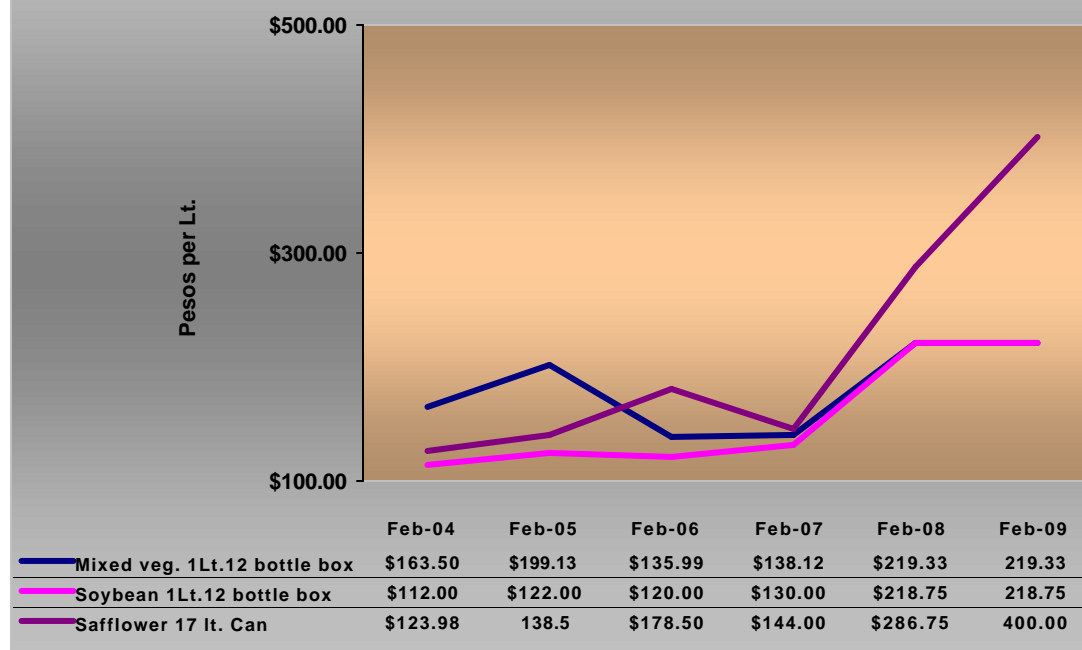
Source: Servicio Nacional de Información de Mercados, SNIIM-SE.  
Exchange rate (March 23, 2009) US \$ 1.00 = 14.14 Pesos

According to industry sources, the industrial sector, including snack food and bakeries manufacturers (such as Unilever, Bimbo, Gamesa, Sabritas, Frito Lay, etc.), have continued the trend of cooking with vegetable oils with reduced linolenic acid, which are lower in trans fatty acids (such as palm oil) than many hydrogenated oils (i.e. soybean oil).

It is expected that soybean oil consumption will remain unchanged in MY 2009/10. However, the soybean oil consumption figure for MY 2008/09 has been revised downward reflecting updated information of industry sources. Soybean oil continues to be the dominant oil consumed in Mexico.

Assuming affordable international prices, rapeseed oil consumption is expected to increase slightly in MY 2009/10, due to population growth and market preference for this vegetable oil. The consumption estimate for sunflower oil for MY 2008/09 has been revised upward, based on revisions by SAGARPA and industry sources.



**Figure 2. Mexico's Oil Wholesale Prices**

## Trade

With the ongoing recession in the Mexican economy, oil imports should decline approximately six percent in MY 2008/09. For MY 2009/10, a rebound is expected for oil imports of approximately two percent to reach 316,000 MT. This increase is to compensate for the decline in domestic crushing. As already mentioned, big crushing companies occasionally find it more profitable to halt crushing and import oil, rather than continue crushing.

Total oil imports figures for MY's 2008/09 and 2007/08 have been adjusted upward based on official data issued by the SE in the first year and industry sources in the second year. Similarly, soybean oil imports have been revised upward based on official and private sources. For MY 2009/10, it is forecast that the oil soybeans imports will remain stable at 230,000 MT.

Rapeseed oil imports for MY 2009/10 are estimated to reach 45,000 MT, an increase of 1.7 percent from the previous year's revised estimate. However, it should be noted that this level is 11.7 percent lower than the level registered in MY 2007/08.

For MY 2009/10, sunflower oil imports are expected to remain unchanged at 4,000 MT. For MY 2007/08 and 2008/09 import estimates have been increased based on revised Mexican official data.

According to private sources, despite the fact that international oil prices are diminishing, the oil prices in Mexico continues to increase. Since the world economy is suffering, the Mexican peso has lost approximately 40 percent of its value against the U.S. dollar during the past six months, and as a result, imported vegetable oil prices in Mexico have increased. Likewise, many oil importers are afraid that the Mexican peso will continue to weaken in 2009.



The Secretariat of Economy (SE) published a decree in the *Diario Oficial* (Federal Register) on December 16, 2008, that modifies the applied duties on imports of oil from oilseeds. Duties, as established in the announcement, would gradually be reduced to zero percent during the upcoming 60 day period. (See GAIN Report [MX 8086](#)). This modification irritated the Mexican oil industry since they will face unfair competition from South American countries, which allegedly subsidize their oil exports. As a result, several vegetable oil manufacturers and crushers filed court injunctions against this measure. However the legal process of these court injunctions has not been finalized yet.